



July 6, 2005

MEMORANDUM FOR ALL GSA ASSOCIATES

FROM: STEPHEN A. PERRY  
ADMINISTRATOR (A)

SUBJECT: General Services Administration's (GSA) FY2005 Results Report

I am pleased to present the General Services Administration's (GSA) FY2005 *Results Report*, which details GSA's major achievements of the past year.

Our intense focus on the President's Management Agenda (PMA) and the GSA Performance Management Process (PMP), along with the hard work of GSA associates, has enabled us to improve results in FY2005. Importantly, our effort to routinely measure progress and take corrective actions as needed kept us on track to achieve our challenging long-term outcome goals and keyed our success in FY2005. Furthermore, the continued rigorous application of the PMA and PMP principles will enable us to build on the foundation of past successes to develop a culture of acquisition excellence, high performance and continuous improvement as we create a successful future at GSA.

Every GSA associate can be proud of GSA's significant contributions to the successful operation of our Nation's government as we work to achieve our mission "to help federal agencies better serve the public by offering, at best value, superior workplaces, expert solutions, acquisition services and management policies." We can also be proud of our renewed emphasis on living the GSA values, including ethics and integrity in everything we do, teamwork, and results orientation.

A key goal at GSA is to provide acquisition services that yield best value for customer agencies and taxpayers. The attached FY2005 Results Report discusses many initiatives that have delivered value to agencies and taxpayers in FY2005 and other initiatives that will vastly improve GSA's organizational capability to meet the increasing needs of our customer agencies in the future. This includes our initiatives for Strategic Management of Human Capital to recruit, develop and retain an acquisition workforce and other associates with the skills and competencies necessary to achieve the challenging long-term outcome goals we have set for the future.

A key aspect of this, established in FY2005, is the Associate Performance Planning and Appraisal System that links associate performance expectations to organizational performance goals and provides for accountability in the new pay-for-performance system. Additionally, we have made good progress in FY2005 to create and sustain a positive and productive work environment where each GSA associate can relate their everyday work to the overall results of the agency. This boosts morale and engagement as evidenced by our increasing scores for associate engagement as measured by the annual Gallup Q-12 survey, which is used by senior managers and their teams to drive performance, and GSA's high ranking in the Partnership for Public Service annual survey of best places to work in the Federal government.

The attached report also demonstrates the process improvements and savings derived from our Competitive Sourcing initiatives and applications of Electronic Government (e-gov) initiatives. For example, GSA's USA Services e-gov initiative has dramatically enhanced the ability of citizens to interact with their government using modern Internet technology. This is a cornerstone for achieving the Bush Administration's directive to make government more citizen-centric.

Day-to-day focuses on achieving the PMA and the pervasive use of GSA's rigorous PMP process have become a reality throughout GSA. All units meet regularly to review actual results versus the plan and determine what corrective actions may be needed to stay on track to achieve targeted results. Our efforts to link Budget and Performance have allowed GSA associates to work together as a team to a much greater extent than ever before. Additionally, by implementing Activity Based Costing (ABC) at GSA, we are making the link between dollars spent and outcomes achieved more transparent. These activities have improved our ability to provide procurement services to the Department of Defense and civilian agencies.

Lastly – and very importantly – GSA's "Get It Right Plan for Excellence in Federal Acquisition" has achieved its targeted results thanks to the extraordinary efforts of GSA's acquisition workforce and the collaboration of other agencies including the Department of Defense. A GSA-wide workgroup meets weekly to promote the "Get It Right Plan", concentrating solely on achieving full compliance with acquisition regulations and policies and consistency of operating practices, as well as addressing specific acquisition challenges as they arise.

I want to take this opportunity to commend GSA associates, our customer agencies, industry contractors and other stakeholders who have worked together to achieve the results documented in the attached report. This certainly would not have been possible without your dedication to public service and your tireless application of the high level of effort and expertise. Our commitment to results helps to improve the performance of our government and the quality of life for people who live in this country. I'm very proud of what we have achieved in FY2005 and I look forward to working with you to achieve even greater results in the years ahead.

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## **Human Capital**

### **Introduction**

GSA's wide-ranging mission requires that our associates be knowledgeable about everything from information technology to federal acquisition to public real estate. Therefore, success depends on attracting, hiring and keeping the right associates in the right jobs. Through the development of a robust human capital strategy, we can determine how best to retain and recruit associates, provide training to keep pace with technological and other change, and, where necessary, close skills gaps.

### **Results Achieved**

This year, GSA associates completed specific human capital strategies or plans for three of our major organizations: Federal Supply Service, Federal Technology Service, and the Office of the Chief People Officer. These strategies linked business plans to workforce needs, thus creating a way for management to determine how to implement programs to close skills gaps, evaluate succession plans, and implement an associate performance accountability system. Collectively, these initiatives will help us retain and maintain a workforce that is able to provide technical expertise to customer agencies seeking acquisition, real estate, and other administrative services. A well-developed human capital strategy also enables associates to clearly see – and work to achieve – the skill levels needed for career advancement in a particular field.

The results that GSA has achieved by performing and implementing this strategic planning include:

- The Associate Performance Plan and Appraisal System (APPAS), effective Oct. 1, 2004, was created to provide a systematic approach that will help create a better linkage between individual and organizational performance. All SES and managers were on five-level performance plans by 12/03 and 95% of associates were on such plans by 12/04. That result exceeded our planning expectations and assumptions.
- GSA also obtained full certification of its SES Performance Plan and Appraisal System in November 2004 from the Office of Personnel Management (OPM) and the Office of Management and Budget (OMB). GSA

**Status:** Yellow

**Progress:** Green

**Initiative Owner:**

Gail Lovelace

*Chief People Officer*

was the only agency with SES members to receive full certification under the new pay-for-performance regulations.

- The GSA Advanced Leadership Development Program (ALDP) increased the number of participants from 35 to 55.
- In the 2004 Partnership for Public Service rankings, GSA ranked fifth amongst all federal agencies as a place that employees would recommend as a good place to work.

Another part of this effort involves measuring overall associate engagement or productivity within each organization through the use of the Gallup Q12 Survey. This survey consists of 12 questions and is used by senior managers and their teams to drive performance, determine training needs and build an overall strategy for enhancing workplace productivity. Each of the Q12 items is actionable and tangible steps can be taken to increase scores. This is one of the most important aspects of the Q12 program.

The results can also be used to develop individual performance plans. The plans provide associates with specific outcome goals they are rated against, and are tied to GSA's organizational outcome goals. By setting and measuring progress on a regular basis, associates are continually made aware of their progress and should not be surprised by their performance ratings at the end of each fiscal year. From a strategic perspective, this process should result in better alignment of organizational and individual goals and targets, thereby enhancing GSA's ability to provide customer agencies with improved services.

Although we completed our initial workforce strategies for both FSS and FTS, our efforts to combine the two organizations by next year have resulted in the need for additional analysis — this time based on a new business model for the single acquisition service. Currently, the model is being finalized by the reorganization team, which is reviewing and considering suggestions from associates; industry and other stakeholders and preparing a final report that will be issued at the beginning of August. After this is completed, we will institute a workforce analysis. The results will be used to ensure that the new acquisition service maintains a work force with the appropriate skill sets to meet its goals.

Senior GSA management is communicating regularly with associates and other stakeholders to minimize any disruption caused by the reorganization.

## **Competitive Sourcing**

### **Introduction**

Designed to ensure that GSA is operating in the most effective and efficient manner possible, competitive sourcing remains both a challenge and a catalyst for positive change at the agency.

To this end, GSA's competitive sourcing program relies on the application of a rigorous cost comparison process to determine whether the public or private sector should operate the agency's commercial functions. During the past year, studies conducted using this methodology at GSA have resulted in savings to the taxpayer of more than \$15 million. Since Fiscal Year 2003, the use of this program has resulted in savings of \$41 million.

### **Results Achieved**

Creation of the new Federal Acquisition (FAS) Service will better enable GSA to anticipate and fill the needs of our client agencies. Because the reorganization incorporates the business process reengineering concepts inherent in the competitive sourcing methodology, senior management placed a number of studies on hold until FAS is more fully established. Those studies include the agency-wide Marketing study, agency-wide Administrative Support Function study, agency-wide Information Technology Operations study and other miscellaneous program studies of the Federal Technology Service.

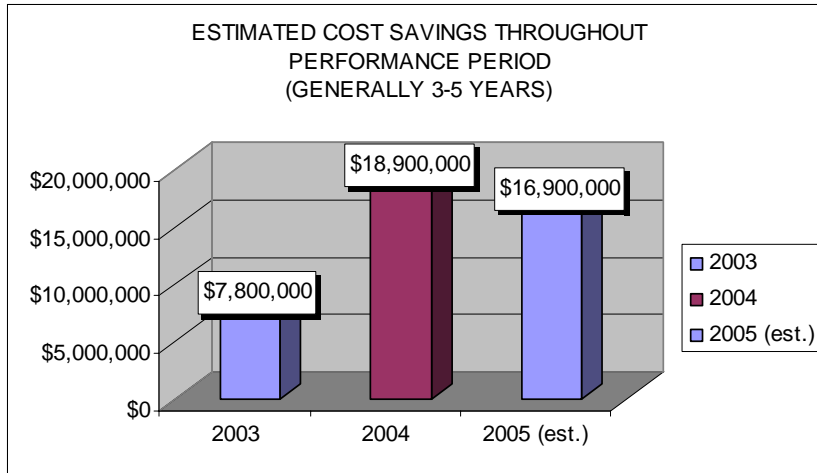
While the bulk of the program has been delayed, studies of commercial functions within the Public Buildings Service (PBS) continue. In fact, by the end of FY 2005, PBS will have completed 25 studies of its craft and trade functions nationwide.

**Status:** Green

**Progress:** Green

### **Initiative Owner:**

Susan Marshall  
*Associate Administrator,  
Office of Performance  
Improvement*





## **Electronic Government**

### **Introduction**

Advances in Internet technology – and GSA’s creative use of that technology –continues to spur a fundamental change in the way that citizens interact with government. GSA’s goals in this arena include helping the government become more citizen-centric, assisting individuals and businesses to complete government transactions online, working with other agencies on government-wide initiatives and ensuring our internal IT architecture is compatible and effective.

### **Results Achieved**

The cornerstone of GSA’s efforts is USA Services, a Bush administration e-gov initiative launched by GSA’s Office of Citizen Services and Communications (OCSC) in 2003. USA Services offers citizens and agencies an easy to access, proven method for obtaining information and services, and for meeting e-gov goals for responding to citizen inquiries. In 2004, OCSC recorded more than 240 million contacts with the public through its various electronic government channels, led by FirstGov.gov, the federal government’s official Internet portal.

The objective of USA Services is to provide means for the federal government to become more citizen-centric by increasing the magnitude, quality and outreach of federal information in various channels, including Web page access, telephone responses, e-mail, printed publications and education activities.

Besides providing service on a day-to-day basis, USA Services can also help agencies respond in crisis situations.

Last year, for example, after four major hurricanes swept through the southeast, USA Services provided critical resources to the Federal Emergency Management Agency (FEMA) by setting up a contact center for victims, which operated 14 hours a day, making and receiving 440,000 calls during a two-month period. After the tsunami struck Southeast Asia last Dec. 26, Americans were worried about friends and relatives in the affected areas. In response to this situation, USA Services’ National Contact Center immediately went to a 24/7 operation and asked agents to field calls from concerned U.S. citizens on behalf of the State Department.

USA Services’ FirstGov.gov, the federal government’s official

**Status:** Yellow

**Progress:** Green

**Initiative Owner:**

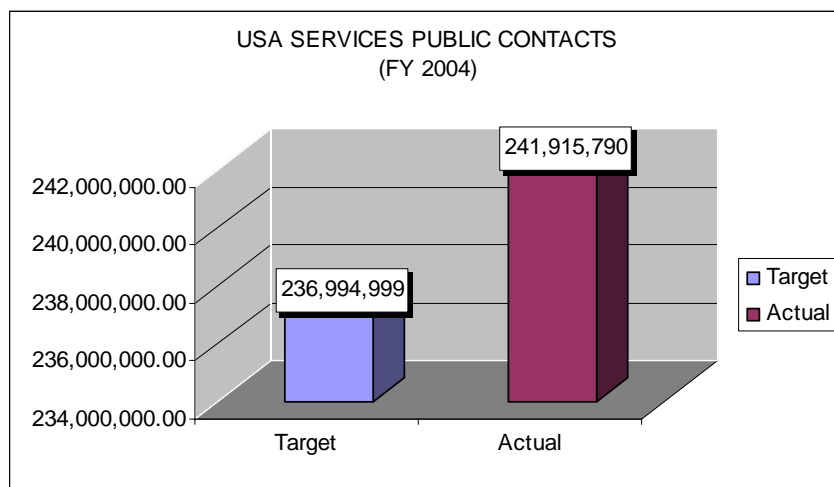
Michael Carleton  
*Chief Information  
Officer*

web portal, is constantly evolving and improving. GSA recently unveiled a major improvement, posting the first searchable Frequently Asked Questions site on behalf of all government agencies. This information provides the public easy access to any agency's information without citizens having to know which agency might have the answer. The site currently contains 3,000 responses to frequently asked questions.

GSA is working with other agencies on government wide electronic government initiatives as well, such as the eTravel Service (eTS) program. Collaborating with companies that handle travel arrangements, including reservations, GSA has established contracts for use by all agencies so federal travelers can take advantage of volume discounts from the industry. This year, employees from the Departments of Treasury, Transportation, Health and Human Services, and National Science Foundation will use these firms.

Future challenges include identifying redundant IT systems and determining when to retire them. We will track IT investments so multiple GSA organizations are buying compatible systems, and ensure that all of our major systems are secure.

Lastly, to make certain that GSA associates have the technology needed to do their jobs, our IT team continues to ensure GSA systems are secure, can work together, and in some cases, able to interface with other systems used by other agencies.



## **Budget and Performance**

### **Introduction**

GSA's goal is to provide business managers with accurate performance and cost information so they can allocate taxpayer dollars to programs that yield results.

**Status:** Yellow

**Progress:** Green

**Initiative Owner:**

Kathleen Turco

*Chief Financial Officer*

### **Results Achieved**

The foundation of our effort in budget and performance integration is our commitment to developing long-term outcome goals, then evaluating our efforts by measuring progress against them. These goals provide the basis upon which managers determine if programs are successful. In many cases, senior managers use this information to determine whether a certain business strategy should be implemented to improve program performance.

The PMA emphasis on results drove GSA to create a single point for the collection and reporting of meaningful, measurable data to track performance with a Web-based Performance Management Tool (PMT). The PMT stores all external and internal performance measurement information and links it to regional and national goals. It also links performance information to key financial data. This allows associates to clearly see the cause and effect of dollars spent to outcomes achieved in addition to services provided, ensuring that business managers have financial and management program data to make informed decisions.

Every quarter, senior management sets aside time to go over the results shown in the system. Known internally as Quarterly Performance Reviews, these meetings are held in Central Office and with regional management. Together, the PMT and the QPR allow for better coordination of efforts and reduce the time spent on data collection. These initiatives allow senior management to hold associates accountable for program success since results and goals are closely tracked, and where we fall short, corrective action is quickly taken. Where goals are met or exceeded, new, more challenging targets are set.

### **Performance Management Process (PMP)**

This information is used during the execution of the

agency's Performance Management Process (PMP). GSA's PMP embodies the key role of effective management—setting the strategic direction, establishing priorities, designing and executing action plans, and achieving results. Based on past performance and an environmental scan, senior management assesses GSA's future and considers strategies necessary to meet customer requirements in the future and to achieve improved performance.

These decisions lead to Strategy and Action Plans, which drive sound business decisions in a productive outcome-focused direction and become the basis upon which the 2007 Performance-Based Budget submission to OMB and Congress is formulated.

In the future, we will continue to improve our ability to measure effectiveness, especially in light of the on-going reorganization. It is vitally important that GSA's success be based on sound metrics rather than anecdotal evidence. GSA will develop these goals and measures in the near future.

## **Financial Performance**

### **Introduction**

GSA's financial performance initiative is intended to improve the quality of the agency's financial information. This includes ensuring that business line managers can rely on accurate and timely data for decision-making, and are able to see the correlation between cost and performance information, such as that found in the agency's Performance Measurement Tool. In the future, we hope to be able to integrate individual performance data, organizational performance information and financial data.

### **Results Achieved**

Sound financial management controls are the key to successful program execution. GSA strengthened its program oversight by working with business managers to establish clear and concise goals for using both the government's procurement system and associated revolving funds. These goals and principles are part of the agency's "Get It Right" campaign designed to strengthen life-cycle management of the acquisition and financial management programs.

The Get it Right Plan for Excellence in Federal Acquisition was launched in July 2004 to help assure the appropriate use of GSA contract services and vehicles by agency contracting officials and by GSA customers. Developed by the Office of the Chief Acquisition Officer, the plan clarifies contracting regulations and procedures, emphasizes continuing education and training of the federal acquisition workforce, and demonstrates GSA's commitment to compliance with federal contracting laws and regulations.

Part of this effort is to ensure that GSA programs and financial systems are as effective and efficient as possible. One of the programs is GSA's recovery audit initiative, which is designed to determine if any under or overpayments have been made to suppliers. Between 2002 and the present, GSA recovered \$23 million in overpayments, which equates to a 0.8% error rate. This is one of the lowest in Government.

Finally, since GSA provides \$20 billion in goods and services to other agencies annually, reconciling intra-

**Status:** Yellow

**Progress:** Green

**Initiative Owner:**

Kathleen Turco  
*Chief Financial Officer*

governmental activity is particularly relevant to GSA and the government since it can impede our ability to achieve a Government-wide Consolidated Financial Statement. GSA is actively addressing the differences among the mutual financial activities reported by other agencies and the financial activity reported by GSA. GSA experts have been analyzing and improving our methods for capturing intra-governmental activity and how we communicate that activity to our partners in a manner that is easily understood. Progress has been significant, as demonstrated by a reduction of \$1.1 billion or 25% in differences at fiscal year 2004 year end. This was accomplished by identifying various differences among the mutual financial activities and reconciling those differences with our trading partners.

In the future, GSA will consolidate more of its financial services activities and improve oversight of financial management by clearly defining the agency's financial goals and milestones and holding program managers accountable for meeting those goals. In the meantime, much attention will be focused on reorganizing the Office of the Chief Financial Officer, including matching workforce needs to workforce skills.

## **Real Property**

### **Introduction**

On Feb. 4, 2004, President Bush signed Executive Order (EO) 13227, addressing Federal Real Property Asset Management. Real property management was added as an element to the PMA in August 2004. The goal of the EO and this initiative is to promote the efficient and economical use of U.S. real property assets and to assure management accountability for implementing federal real property management reforms.

**Status:** Yellow  
**Progress:** Green

**Initiative Owner:**  
Joseph Moravec  
*Senior Real  
Property Officer*

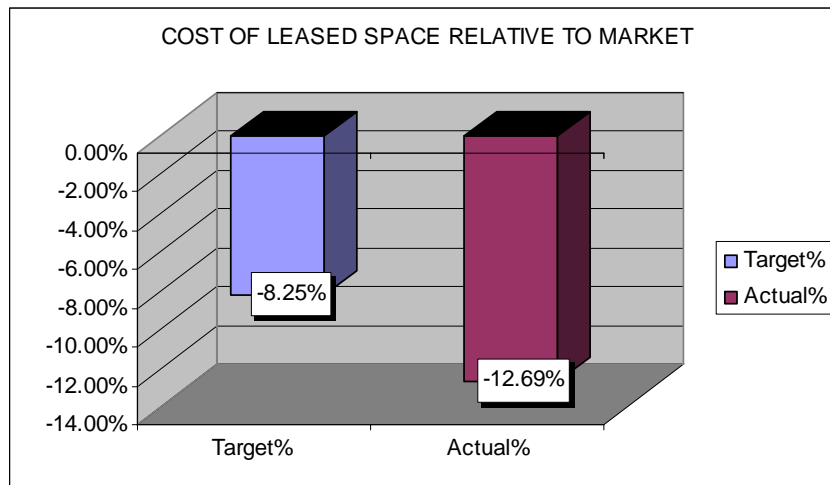
### **Results Achieved**

This initiative was launched two years ago to restructure GSA-owned assets so that the portfolio consists of financially performing space for which there is a long-term federal need, and to ensure that reinvestments are made in only those buildings that will preserve value for customer agencies and taxpayers. Subsequently, the agency has made tremendous progress throughout the country by:

- Reducing by half the number of underutilized or non-performing assets;
- Increasing the percentage of financially performing assets from 36% to 50%;
- Increasing the percentage of rentable square feet of financially performing assets from 52% to 66%;
- Ensuring that 70% of GSA's assets are earning at least a 6% return on equity (ROE);
- Ensuring that 78% of GSA's assets are achieving positive financial results;
- Reporting 178 unneeded assets as excess property for alternative use by other government agencies, local communities or others;
- Demolishing 47 unusable buildings, which resulted in the elimination of 2.2 million rentable square feet of vacant space, which in turn achieved a cost avoidance of \$207 million in operating costs; and
- Decreasing vacant space in GSA- owned inventory from 8.9% to 7.9% – significantly below the 2004 industry average vacancy rate of 14%.

As the government's strategic workplace and real

property provider, GSA will work toward improving and maintaining green scores in the future by implementing our property asset plan in a manner that is consistent with the Administration's focus on safeguarding taxpayer money, while also ensuring that federal associates have the space they need to achieve their mission goals.





## **GSA's Management Agenda: Looking Forward**

### **Introduction**

GSA's missions since the agency's creation in 1949 has been to help the federal workforce better serve the public. In the coming years, GSA will transform the initiatives outlined in this document into the GSA Management Agenda.

### **Human Capital**

We will continue to improve our performance culture at GSA. In FY 2006 GSA will establish baselines and targets to differentiate performance levels under Associate Performance Plan & Appraisal System (APPAS) and to ensure that our recognition program appropriately rewards GSA's top performers and contributors. GSA will continue to build workforce competency by closing skills gaps through enhanced recruitment, placement and outplacement programs and customized training and development efforts. GSA will increase its human resources operational performance as human resources processes are transformed across all Central and Regional Human Resources offices. Standardized, well-documented processes and thorough program and capacity assessments will pave the way to lasting performance improvements in human resources products and overall service delivery to customer agencies. GSA will continue to ensure that staffing alternatives are fully considered and deployed to achieve effective and efficient organizational structures and organizational performance.

The next year will bring changes to GSA, given the reorganization of FTS and FSS into the Federal Acquisition Service. We will continue to support GSA organizations and associates who are affected by reorganizations, downsizing, competitive sourcing or direct outsourcing. All of our efforts in this arena are geared toward matching workforce skills to workforce needs so our procurement services are delivered in a timely and accurate manner to customer agencies.

### **Competitive Sourcing**

During the next fiscal year, in a continuing effort to provide best value to the taxpayer, GSA will be conducting as many as 6 Administrative Support Function (ASF)

Competitions affecting 10 GSA Regions. The improved ASF process will provide a significant reduction in costs and a more efficient and effective ASF process. GSA will also re-evaluate the Marketing function for possible competition as well as other activities that will compliment the efficiencies already gained by the creation of the Federal Acquisition Service (FAS). Further, the transition to a web-based FAIR Act Inventory tool throughout GSA will create a more consistent product that will more effectively reflect the activities performed at GSA. By conducting these Administrative Support Function studies GSA intends to reduce the cost of performing this activity while also improving service to associates engaged in helping agencies meet their mission goals.

### **E-Government**

GSA's electronic government initiatives have helped citizens interact with government in ways that were previously not possible. FY 2006 will see GSA continue to develop initiatives that further this progress. We will improve program and project performance through earned value management and operational analysis. We will ensure that all Memorandums of Understanding (MOUs) and funding transfers to the E-Gov and Line of Business (LoB) initiatives are complete. One GSA Enterprise Architecture (EA) will be updated, which will improve security systems, and we will continue Electronic Authentication planning. This is particularly important because the agency is expanding access to government information. If the systems that contain this information aren't secure, citizens' trust in government will decrease. Our IT systems will be certified and secure. Continuing work to maintain and improve USA Services and FirstGov.gov will further improve their value to citizens and federal, state and local agencies.

### **Budget and Performance**

We will continue to work with OMB to determine acceptable Long Term Outcome Goals (LTOGs) and efficiency measures for all programs that have gone through the Program Assessment Rating Tool (PART). Improved LTOGs and efficiency measures will ensure that GSA programs are producing the desired results, while at the same time operating efficiently. The Public Buildings Service will launch Activity Based Costing (ABC), which will provide us an additional tool to determine the marginal

costs associated with changing performance targets. This will help us manage our building portfolio by revealing the exact cost of our real estate operations. GSA's Performance Measurement Tool (PMT) will be upgraded to provide for easier performance monitoring and tracking as well as to provide for enhanced capabilities to communicate multi-year strategy plans.

### **Financial Performance**

GSA will continue to work to achieve another clean audit opinion. Contracting practices also continue to improve. With the Get it Right plan in place, we expect progress to continue. We will also continue to make significant improvements in our intergovernmental reconciliation efforts. The use of financial data in daily decision-making will expand along with improvements to our budgetary reporting process. By participating in these activities GSA will be able to improve financial management operations and in turn allocate program funding in an efficient manner.

### **Real Property**

For FY 2006, we will continue to right size the GSA real property portfolio to improve and enhance the value of our holdings. A new eLease tool will be rolled out that will substantially automate the leasing process by providing improved data accuracy and data analysis to support customer planning. We will develop an operations and management procurement strategy to further leverage the government's buying power and to lower Operations and Management cost and increase the efficiency of building operations. The National Guidance will be refined to improve retention or disposal decision making of real property assets.

### **Conclusion**

Over the past year, GSA's ability to help federal agencies better serve the public by offering, at best value, acquisition, real estate and other services has improved because of its intense focus on the President's Management Agenda (PMA). Implementation of this agenda resulted in a number of improvements including the following:

- Reducing by half the number of underutilized or non-performing assets,
- Increasing the percentage of financially

- performing assets from 36% to 50%,
- Assisting citizens through the establishment of call centers during emergencies such as hurricanes and other natural disasters,
- Enhancing management controls so the agency remains fiscally responsible, and
- Increasing the number of participants in the Advanced Leadership Development Program (ALDP) from 35 to 55 so GSA is able to mentor future agency leaders as the number of associates eligible for retirement increases.

Over the next year, GSA will continue to provide best value to the taxpayer through the further implementation of these programs and others so we can meet our ever changing workforce needs, improve the financial viability of our public buildings portfolio, reduce the cost of operations through the study of the agency's commercial functions, improve citizen access to government through FirstGov.gov and other programs, and improve overall program performance so agency customers receive excellent acquisition and real estate services.